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■ ECONOMIC EXPERTS

Economists See Uneventful '87

Will the promised trade turnaround arrive, or will it be recession?

If there is one word to sum up the economic outlook for 1987, it is uneventful. The consensus of 50 economic forecasting companies compiled by Blue-Chip Economic Indicators predicts that soggy economic growth will continue this year, with real Gross National Product growing only 2.6%, unchanged from 1986.

The most optimistic of these companies (Prudential Insurance) expects 4.2% real GNP growth, and the most pessimistic (Business Economics Inc.) is predicting a recession with a 1% decline in real GNP.

Consumers will no longer be the impetus for economic growth in 1987. Roger Brinner of Data Resources Inc. believes consumers will be recovering from 1986's auto purchases and businesses will be adjusting to tax reform. So the strongest activity in 1987 will occur in the export market.

Jim Haughey of Cahners Economics and Doug Handler of Wharton Econometrics both agree that the 1987 economy is dependent on the trade situation. In addition, Haughey says it will be industrial markets, the "weak sister in 1986," that provide a stimulus this year.

Wharton's Doug Handler sees lower interest rates—after an uptick early in the year—and increases in business fixed investment as the other two factors pushing the economy ahead in 1987. "The consumer is acclimating to a lower savings rate, and will continue to spend at current or slightly higher levels." At best, this will mean only moderate growth in consumer spending.

Kim Kennedy is a member of Cahners Department of Economics.

But economists think the foodservice industry could do slightly better than many other consumer goods and services in 1987. Brinner says foodservice will do better than most consumer categories, "since tax reform works against big-ticket items by eliminating sales tax and loan interest deductibility."

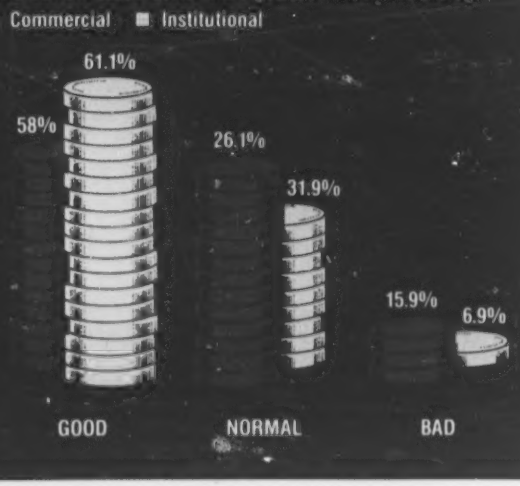
Haughey believes foodservice sales will be up this year, but he is not saying whether growth will be stronger or weaker than in 1986. Last year, favorable employment trends and low prices helped sales. But this year, the consumer will be more hard-pressed for gains.

Even though the business climate might not be encouraging in 1987, the economists agree: Opportunity is knocking. *—Kim Kennedy*

R&I DATA

SALES NOW: AT BOTH EXTREMES

While the number of operators reporting good sales in November jumped dramatically, the percent reporting declining sales also increased. Fast-food operators are reaping most of the benefit on the commercial side. Fully three-quarters said sales were good this month. On the institutional side, schools had the best news, as not one operator said sales were off. In most cases, operators rated current sales better than general business conditions.



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WHAT WE WILL SAY ABOUT 1987 A YEAR FROM NOW

"There will still be constant fears about an imminent recession. People will still be wondering how long the recovery can last."—*Jim Haughey, Cahners Economics.*

"In 1987, we took the first steps toward wiping out the trade imbalance."—*Doug Handler, Wharton Econometrics.*

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Taco Bueno underestimated the sales potential of its chicken fajitas.

Chicago location.

"What Chicago didn't have was a place where Joe Garagiola (baseball announcer) could say hello to Tommy LaSorda (manager of the Los Angeles Dodgers) and a nightclub where you don't have to be a member," says Jim Rittenberg, general manager of Ditka's/City Lights through his J.R. Enterprises company.

The restaurant and nightclub opened this fall, within a month of each other, just prior to the Bears' beginning their quest for another Super Bowl title. Ditka and Bears' General Manager Jerry Vainisi have a stake in the place. Ditka himself did the wine list—he's a wine devotee, says Rittenberg. The head coach also has the signature dish named after him—Mike Ditka's Pork Chops. For Vainisi, there is Vainisi's Veal Chops.

Rittenberg came up with those dishes to distinguish the place from so many other Chicago restaurants known for steaks, prime rib and pizza. Besides, Ditka loves pork chops, he says. Ditka's Pork Chops account for 30% or more of food orders.

Ditka's, located on Chicago's suddenly hot Ontario Street, has 100,000 people pass by every day in 67,000 cars headed for Chicago's main highways. It is on the same street with the popular Ed Debevic's, Hard Rock Cafe, Carson's and others.

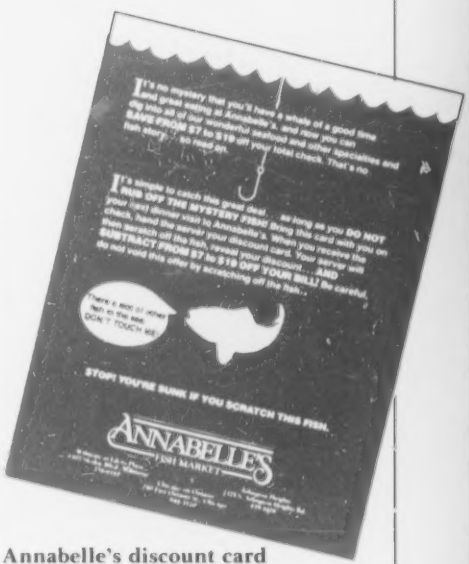
Ditka's serves a clientele that Rittenberg calls, tongue-in-cheek, an older Yuppie seeking a high-line, meat-eaters restaurant. Average check runs $26 a person, including a drink. Ditka's seats 350 to 400 patrons.

This Annabelle Isn't a Home Wrecker

Annabelle's is working to break up the honeymoon of her competitors. To do it, she is offering lower prices by way of a discount card. No, this isn't the tale of a woman scorned or the plot of a soap opera. It's a tale of survival in the tough Chicago-area market.

Annabelle's Fish Market, which opened a restaurant in downtown Chicago Dec. 1, after already establishing two in the city's suburbs, is using a scratch-away discount card to battle its competitors and build sales. The competition is especially intense at the original Annabelle's in Arlington Heights.

First, a Rusty Pelican opened within a long cast of Annabelle's. Then The Forum, a 600-seat full-service restaurant, entered the already-crowded market. To help customers remember Annabelle's, owner Paul Stonich distributed a discount card through the *Chicago Tribune* good for $7 to $19 off a meal at any of the three restaurants.



Annabelle's discount card disrupts its competitors' honeymoons.

He says response has been outstanding. About half of the people coming in with cards are new customers.

—Howard Schlossberg
—Brad Stratton

■ R&I DATA

AVERAGE MENU PRICES: FEW INCREASES NOTED

R&I tracks average selling prices for a variety of menu items at restaurants across the country. Most prices were within a few cents of the previous month's survey, with the fewest price increases being registered in the full-service segment.

Item	Full service	Fast food	Hotel/ motel	North- east	South	North Central	West
Beverages:							
Coffee	$ .58	$ .48	$ .78	$ .67	$ .63	$ .55	$ .63
Iced tea	.65	.61	.82	.82	.63	.67	.67
Soft drinks	.69	.67	.85	.80	.68	.68	.76
Beer	1.63	.87	1.94	1.66	1.96	1.82	1.64
Wine (glass)	3.03	1.50	2.07	2.07	2.04	1.75	3.25
Sandwiches:							
Hamburger	2.50	1.51	4.43	3.03	3.05	3.03	2.86
Cheeseburger	2.63	1.65	4.66	3.16	3.19	3.28	3.01
Ham & cheese	2.55	2.13	4.03	2.70	2.82	3.37	3.14
Club	3.13	1.93	4.68	4.49	4.23	3.78	3.74
Fish	2.51	1.92	4.38	2.31	3.27	2.96	2.54
Chicken patty	2.95	2.13	4.40	2.41	2.97	3.25	2.72
Other:							
Chili	1.76	1.29	1.46	1.23	1.48	1.39	1.89
French fries	.86	.72	1.17	1.12	.85	.89	.84
Scrambled eggs	1.15	1.39	2.41	1.93	2.01	1.84	1.82

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&RESTAURANTS INSTITUTIONS

■ HUMAN RESOURCES

Merger Fever Does Not Spare Industry Education

Does consolidation of NRA and NIFI educational programs signal consensus on the need for training?

Spun off from the National Restaurant Association in 1971, the National Institute for the Foodservice Industry has come back into the fold. Its educational and training activities and those of the NRA have been consolidated to form a broad-based Educational Foundation.

Heading up the new Foundation as of Jan. 1 will be Richard J. Hauer, currently executive director of NIFI. He will administer a budget of $3.5 million, formidable for an association-related educational program. To signal the seriousness of its commitment to the Foundation, the National Restaurant Association has contributed $1 million to its endowment trust fund.

Traditionally ambivalent about employee education, but now feeling the nation's demographic ground shift underfoot, the industry seems finally to have come to a consensus on the need to develop its people.

"This industry employs something like 9% of the U.S. work force," Hauer says. "It needs exactly what it is getting in the new Foundation—an aggressive, well-financed, responsive educational organization."

Going into the merger, NIFI already has cash and pledges of more than $4 million on the way to its goal of a $10 million endowment. The new foundation will add strong operator ties to NIFI's already-strong relationships with the supplier side of the industry.

The Foundation will continue to offer all current programs and services of both the NRA and NIFI and will maintain offices in Washington, D.C., and Chicago. *—Elizabeth Faulkner*

NRA Treasurer Jim Peterson explains the Educational Foundation to board members at their fall meeting.

Alphabet-soup coalition: 15 hospita[illegible]-industry groups are launching a multi-year public-relations program that will stress advancement opportunities for people currently employed in the industry and help recruit new career professionals. Among its signers are: AH&MA, ACF, CHRIE, FEDA, IFDA, IFMA, NAFEM, NCA, NIFI, NRA and NCA. *—E.F.*

■ R&I DATA

TROUBLE ATTRACTING PEOPLE? DO THE ARITHMETIC

Unit managers industrywide averaged salaries of $18,624 this year, according to *R&I* respondents. That comes to $9.31 an hour if they work 40 hours a week and $6.21 an hour if they put in the more-typical 60-hour week.

	Northeast	North Central	Southwest	West	Average commercial	Average institutional
Executive chef*	$27,106	$25,095	$29,590	$25,132	$30,656	$28,761
Manager*	18,550	17,536	20,535	17,669	20,693	16,325
Asst. manager*	16,729	14,425	17,500	15,525	16,330	15,321
Mgmt. trainee*	12,544	14,105	12,440	12,579	12,880	12,941
Cook**	247	197	205	209	213	211
Dishwasher**	155	142	140	143	136	158

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ACTION EXPRESS

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For more information on the products advertised and featured in this issue, circle the number indicated on the Reader Service Card.

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